

SUPREME COURT OF MINNESOTA

Harstad v. City of Woodbury

916 N.W.2d 540 (Minn. 2018) · Decided August 15, 2018

SUMMARY

The Minnesota Supreme Court held that Minn. Stat. § 462.358, subd. 2a, does not authorize the City of Woodbury to condition subdivision approval on payment of an infrastructure charge for future roadway improvements. The court concluded that the charge was not permissible financial security and that the statute's authority to enter development contracts did not independently authorize the charge. The court affirmed the decision of the Minnesota Court of Appeals.

CASE DETAILS

COURT	Supreme Court of Minnesota
WRITING FOR THE COURT	Anderson
JURISDICTION	Minnesota
DECIDED	August 15, 2018
DISPOSITION	affirmed
PROCEDURAL POSTURE	The City of Woodbury appealed a district court summary judgment declaring that the city lacked statutory authority to impose an infrastructure charge as a condition of subdivision approval. The Minnesota Court of Appeals affirmed, and the Minnesota Supreme Court granted the City's petition for review.
STANDARD OF REVIEW	Statutory interpretation is reviewed de novo.
PRECEDENTIAL VALUE	Published Minnesota Supreme Court opinion; precedential and binding in Minnesota.
PARTIES	City of Woodbury v. Martin Harstad, Harstad Hills Inc., Creative Capital Holdings, LP

TOPICS

- statutory interpretation
- municipal law
- ordinances
- real estate

PRACTICE AREAS

- municipal law
- real estate
- land-use regulation

QUESTIONS PRESENTED

1. Whether Minn. Stat. § 462.358, subd. 2a, expressly authorizes a statutory city to condition subdivision approval on payment of an infrastructure charge for future roadway improvements.
2. Whether the statutory provisions authorizing financial security for required improvements permit Woodbury's nonrefundable infrastructure charge.
3. Whether the authority to execute development contracts and impose other requirements reasonably related to subdivision regulations authorizes the infrastructure charge.

HOLDINGS

1. Minn. Stat. § 462.358, subd. 2a, does not expressly authorize a statutory city to impose Woodbury's infrastructure charge as a condition of subdivision approval.
2. Woodbury's infrastructure charge is not a cash deposit or other financial security authorized by Minn. Stat. § 462.358, subd. 2a.
3. The authority to execute development contracts and impose other requirements reasonably related to subdivision regulations does not authorize a city to require an infrastructure charge that the statute otherwise does not permit.

KEY QUOTATIONS

“Woodbury must have explicit or implicit authority to impose its infrastructure charge.” (at 545)

“Any funds received by Woodbury under the infrastructure charge are thus not a form of financial security.” (at 548)

“The power to enter into a development contract does not include the power to require a developer to pay an infrastructure charge.” (at 549)

FACTUAL BACKGROUND

Martin Harstad applied to subdivide approximately 77 acres in Woodbury into a 183-unit residential development. Before the application was complete, Woodbury proposed a \$1,389,444 infrastructure charge for major roadway and intersection improvements that would serve the development and surrounding areas. The charge was calculated on a per-acre basis, deposited into a city-managed account, and used for future roadway projects outside the proposed subdivision. Woodbury treated payment of an agreed amount as necessary to avoid denial of the subdivision application as premature.

PROCEDURAL HISTORY

Harstad challenged Woodbury's proposed \$1,389,444 infrastructure charge in an action seeking declaratory and other relief. On cross-motions for summary judgment, the district court ruled for Harstad. The court of appeals affirmed, concluding that Minn. Stat. § 462.358 did not authorize a road assessment or fee as a condition of subdivision approval. The supreme court affirmed the court of appeals.

DISPOSITION

affirmed

CASES CITED

- Christianson v. Henke, 831 N.W.2d 532, 535 (Minn. 2013)
- Country Joe, Inc. v. City of Eagan, 560 N.W.2d 681, 683 (Minn. 1997)
- American Family Ins. Grp. v. Schroedl, 616 N.W.2d 273, 277 (Minn. 2000)
- Harstad v. City of Woodbury, 902 N.W.2d 64, 72-73 (Minn. App. 2017)
- Hegseth v. Am. Family Mut. Ins. Grp., 877 N.W.2d 191, 196 n.4 (Minn. 2016)

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